

**ATTENTION : TRADING PARTICIPANT****TRADING PARTICIPANT CIRCULAR 12/2005**

- 1. AMENDMENTS TO RULE 613.1 AND SCHEDULE 3 OF THE BUSINESS RULES OF BURSA MALAYSIA DERIVATIVES BERHAD PERTAINING TO EXEMPTION FROM THE POSITION LIMITS AND EXERCISE LIMITS FOR OMNIBUS ACCOUNT**
  - 2. PROCEDURES FOR NOTIFICATION TO BURSA MALAYSIA DERIVATIVES BERHAD PERTAINING TO THE EXEMPTION FROM THE POSITION LIMITS AND EXERCISE LIMITS FOR OMNIBUS ACCOUNT**
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Please be informed that Rule 613.1 and Schedule 3 of the Business Rules of Bursa Malaysia Derivatives Berhad have been amended as set out in **ANNEXURE 1** appended herewith (the “said Amendments”). The said Amendments are pertaining to allowing exemptions from complying with the existing limits prescribed in the Business Rules of Bursa Malaysia Derivatives Berhad in relation to position limits and exercise limits, for omnibus accounts.

Pursuant to the said Amendments, please also be informed that upon granting the exemption thereof, the Trading Participant is required to give notification of the exemption to the Bursa Malaysia Derivatives Berhad. The procedures for notification to the Bursa Malaysia Derivatives Berhad pertaining to the exemption from the position limits and exercise limits (“the “Procedures”) is appended herewith as **ANNEXURE 2**.

Kindly be advised that the said Amendments and Procedures take effect from the date hereof.

All rules, directives or circulars in force which make references to or contain provisions relating to the above matters shall take effect from the date hereof as if such reference or provisions relate to the amended provisions aforesaid.

Please be informed that the said Amendments are available on the Bursa Malaysia’s website at : <http://www.bursamalaysia.com>, specifically under the headings “Bursa Malaysia Derivatives Bhd”/ “The Structure”/ “Business Rules”.

Legal Advisory & Corporate Legal Affairs

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**AMENDMENTS TO THE BUSINESS RULES OF BURSA MALAYSIA DERIVATIVES BERHAD (“BURSA DERIVATIVES”) PERTAINING TO EXEMPTION FROM THE POSITION LIMITS AND EXERCISE LIMITS FOR OMNIBUS ACCOUNTS**

Existing Rules		Amended Rules	
613	<b>Position and Exercise Limits</b>	613	<b>Position and Exercise Limits</b>
613.1	All Trading Participants or Associate Participants are to ensure that any prescribed limits on the Open Positions which may be held or controlled by any Client or a Participant in any Contract and the number of Options that can be exercised by any Client or a Participant are adhered to. The Exchange will announce the different limits in relation to each Contract at the time of listing of such Contract or at such other time as the Exchange may determine that there exists a situation which threatens the integrity, liquidity or orderly liquidation of the Contract or for any other reasons.	613.1	<p>(a) The Exchange shall determine from time to time the limits on the Open Positions which may be held or controlled by any Client or a Participant in any Contract (“position limits”) and the number of Options that can be exercised by any Client or a Participant (“exercise limits”).</p> <p>(b) A Participant shall ensure that the position limits and/or exercise limits, as the case may be, applicable to any Client or Participant are adhered to at all times.</p> <p>(c) The Exchange may, in circumstances it deems fit, grant such exemption, modification and/or variation in relation to the position limits or exercise limits, as the case may be, subject to such terms and conditions prescribed by the Exchange.</p>
		Schedule 3	<p><b>3.3 Exemption from Position Limits and Exercise Limits</b></p> <p><b>3.3.1 A Participant may allow a Client who maintains an omnibus account to hold position limits and/or exercise limits that exceeds the position limits and/or exercise limits prescribed in this Schedule subject to the following conditions:</b></p> <p>(a) that the Participant is satisfied as to the financial probity of the Client;</p> <p>(b) that the position limits and/or exercise limits of each of the Underlying Clients in the omnibus account shall not exceed the position limits and/or exercise limits prescribed in this Schedule; and</p>

**AMENDMENTS TO THE BUSINESS RULES OF BURSA MALAYSIA DERIVATIVES BERHAD (“BURSA DERIVATIVES”) PERTAINING TO EXEMPTION FROM THE POSITION LIMITS AND EXERCISE LIMITS FOR OMNIBUS ACCOUNTS**

Existing Rules		Amended Rules	
			<p>(c) any other terms or conditions that may be prescribed by the Exchange from time to time.</p> <p><b>3.3.2</b> Upon granting the exemption under Schedule 3.3.1, the Participant shall notify the Exchange of the following:</p> <p>(a) that the conditions set out in Schedule 3.3.1 above have been complied with;</p> <p>(b) details of the omnibus account which includes the identity of the Client and the Underlying Clients; and</p> <p>(c) any other information as may be requested by the Exchange from time to time.</p> <p><b>3.3.3</b> The Exchange may revoke the exemption granted by the Participant herewith, in the event that the Exchange is of the view that the provisions set out in Schedule 3.3 are not complied with or as it deems fit.</p> <p><b>3.3.4</b> Where an exemption has been granted pursuant to Schedule 3.3.1, any provisions in these Rules in relation to position limits and/or exercise limits including any provisions relating to a breach thereof, that are applicable to a Client, whether directly or indirectly (“the relevant provisions”) shall also be applicable to each of the Underlying Clients and in this respect all actions of each of the Underlying Clients shall be construed to be the actions of the Client. For the avoidance of doubt, where the word ‘Client’ is used in any of the relevant provisions, it shall be construed to include the Underlying Clients.</p> <p><b>3.3.5</b> The Participant shall ensure that an omnibus account which has been granted exemption under Schedule 3.3.1 shall be identified as such in the books and records of the Participant.</p>

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<b>Existing Rules</b>		<b>Amended Rules</b>	
			<p><b>3.3.6 For the purpose of this Schedule, reference to the following terms shall be construed as follows:</b></p> <p><b>(a) ‘omnibus account’ means a Client Account utilised by a Client for the trading of Contracts and Options for the Underlying Clients of the Client.</b></p> <p><b>(b) ‘Underlying Clients’ means the persons whom the Client is trading in Contracts and Options for.</b></p>

**PROCEDURES FOR NOTIFICATION TO BURSA MALAYSIA DERIVATIVES BERHAD PERTAINING TO THE EXEMPTION FROM THE POSITION LIMITS AND EXERCISE LIMITS FOR OMNIBUS ACCOUNT**

Pursuant to the amendments to the provisions of Rule 613 and Schedule 3 of the Business Rules of Bursa Malaysia Derivatives Berhad, a Trading Participant, upon granting the exemption from the position limits and exercise limits for omnibus account, shall give notification of the exemption thereof to Bursa Malaysia Derivatives Berhad, in accordance with the following:

- The Trading Participant shall submit a letter of notification as required under the amended Schedule 3.3.2 of the Business Rules of Bursa Malaysia Derivatives Berhad to the Head of Derivatives Surveillance Department, Bursa Malaysia Berhad; and
- When notifying Bursa Malaysia Derivatives Berhad, the Trading Participant is also required to submit the following information and document;
  1. nature of Business of the Client; and
  2. letter of undertaking from TP that the Client is indeed operating an omnibus account

During the exemption period, the Trading Participant at all times must ensure that the net open position held by any individual and/or corporation underlying the omnibus account alone or in concert with others do not exceed the speculative position limit of a contract.

During the exemption period, Trading Participant may be required to disclose to the Derivative Surveillance Department, Bursa Malaysia Berhad any other information in respect of the underlying client and the open positions held by that client.